AGENDA
SHAWNEE CIVIC AND CULTURAL DEVELOPMENT AUTHORITY
JUNE 15, 2023 AT 12:30 PM
COMMISSION CHAMBERS AT CITY HALL
16 WEST 9TH STREET
SHAWNEE, OKLAHOMA

Official action can only be taken on items which appear on the agenda. The public body may adopt, approve, ratify, deny, defer, recommend, amend, strike, or continue any agenda item. When more information is needed to act on an item, the public body may refer the matter to Staff or back to Committee or the recommending body. Under certain circumstances, items are deferred to a future date or stricken from the agenda entirely.

CALL TO ORDER

DECLARATION OF QUORUM

1. Consideration of approval of the Minutes from the March 16, 2023 regular meeting.

2. Presentation of the 2021 Audit by Arledge and Associates, P.C.

3. Consideration of an Engagement Letter with Arledge and Associates, P.C. for audit services for the year ended December 31, 2022.

4. Consideration of an Amendment to a Grant Agreement between the City of Shawnee, the Shawnee Civic & Cultural Development Authority, and the Avedis Foundation.

5. Update regarding the International Finals Youth Rodeo 2023.

6. Public Comments

7. Trustee Comments

8. Adjournment

Respectfully submitted,

Kacie Eck

Kacie Eck, CMC
Senior Deputy City Clerk

The City of Shawnee encourages participation from its citizens in public meetings. If participation is not possible due to a disability, notify the City Clerk, in writing, at least forty-eight hours prior to the scheduled meeting, and necessary accommodations will be made. (ADA 28 CFR 36)

DRAFT

SHAWNEE CIVIC AND CULTURAL DEVELOPMENT AUTHORITY PROCEEDINGS

MARCH 16, 2023 AT 12:30 PM

The Shawnee Civic and Cultural Development Authority of the City of Shawnee, County of Pottawatomie, State of Oklahoma, met in Regular Session in the Commission Chambers at City Hall, 16 West 9th Street, Shawnee, Oklahoma on, Thursday, March 16, 2023 at 12:30 PM, pursuant to notice duly posted as prescribed by law at 11.34 a.m. on March 15, 2023. Chairman Gilbert presided and called the meeting to order. Upon roll call, the following members were in attendance.

Randy Gilbert Chairman	
Andrea Weckmueller-Behringer Secretary	Tim Barrick Trustee
Carl Packwood Trustee	Absent Trustee
Vacant Trustee	
ABSENT: Lance Wortham	

CALL TO ORDER

DECLARATION OF QUORUM

1. Discussion regarding the mediation between the City of Shawnee, Pottawatomie County, and the Shawnee Civic and Cultural Development Authority.

Chairman Gilvert explained that City Commissioner Sehorn has been selected by the City of Shawnee Board of City Commissioners to replace former City Commissioner Salter on the mediation committee.

2. Discussion regarding the 2021 Shawnee Civic and Cultural Development Authority Audit.

Chairman Gilvert explained that the audit information has been received. He stated the final audit report will be presented at the April SCCDA meeting. Chairman Gilbert further explained that the SCCDA received an unmodified audit opinion.

3. Update regarding the International Finals Youth Rodeo 2023.

Chairman Gilbert expressed his appreciation to Mr. Dale Yerigan and the International Professional Rodeo Association (IPRA) for their efforts regarding the 2023 International Finals Youth Rodeo (IFYR).

Mr. Yerigan provided updates on the IFYR website and 2023 IFYR sponsorships. He explained that entries for the 2023 IFYR will open on April 1, 2023.

TRUSTEE WORTHAM ARRIVED AT 12:49 P.M.

TRUSTEE PACKWOOD LEFT THE MEETING AT 12:49 P.M.

Mr. Yerigan spoke regarding the 2023 IFYR setup blueprints.

TRUSTEE PACKWOOD RETURNED AT 12:50 P.M.

4. Public Comments

Mr. Rob Morris spoke during Public Comments.

5. Trustee Comments

Chairman Gilbert thanked various entities and individuals for their commitment to the 2023 IFYR.

6. Adjournment

There being no further action to be considered, a motion was made by Trustee Packwood, Seconded by Trustee Wortham, that the meeting be adjourned. Motion carried 5-0. (12:54 p.m.)

AYE: Packwood, Wortham, Barrick, Gilbert, Weckmueller-Behringer
NAY: None

____
RANDY GILBERT,
CHAIRMAN

ANDREA WECKMUELLER-
BEHRINGER,
SECRETARY

**SHAWNEE CIVIC AND CULTURAL DEVELOPMENT AUTHORITY
OF THE CITY OF SHAWNEE, COUNTY OF POTTAWATOMIE,
STATE OF OKLAHOMA**

BASIC FINANCIAL STATEMENTS

December 31, 2021 and 2020

**SHAWNEE CIVIC AND CULTURAL DEVELOPMENT AUTHORITY
OF THE CITY OF SHAWNEE, COUNTY OF POTTAWATOMIE,
STATE OF OKLAHOMA**

**BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

TABLE OF CONTENTS

Arledge
certified public accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the Shawnee Civic and Cultural Development Authority
of the City of Shawnee, County of Pottawatomie, State of Oklahoma

Opinion

We have audited the accompanying financial statements of the Shawnee Civic and Cultural Development Authority of the City of Shawnee, County of Pottawatomie, State of Oklahoma (the "Authority"), which is a component unit of the City of Shawnee, Oklahoma, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position and statement of cash flows of the Authority as of December 31, 2021, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Authority and do not purport to, and do not, present fairly the financial position of the City of Shawnee, Oklahoma, as of December 31, 2021 and the changes in its financial position and cash flows in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

The financial statements of the Authority as of December 31, 2020, were audited by other auditors whose report was dated January 10, 2022, and expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2023, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Arledge & Associates, P.C

Edmond, Oklahoma

March 10, 2023

Shawnee Civic and Cultural Development Authority of the City of Shawnee, County of Pottawatomie, State of Oklahoma

Statement of Net Position
December 31, 2021 and 2020

	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	$ 39,550	$ 27,569
Total current assets	39,550	27,569
Capital assets:		
Capital assets, net of accumulated depreciation	3,560,089	3,807,085
Total capital assets	3,560,089	3,807,085
Total assets	$ 3,599,639	$ 3,834,654
LIABILITIES		
Current liabilities:		
Accounts payable	$ 6,500	$ 6,500
Due to management company	6,891	6,891
Current portion of noncurrent liabilities	12,280	11,707
Total current liabilities	25,671	25,098
Long term liabilities		
Note payable	-	10,725
Total noncurrent liabilities	-	10,725
Total liabilities	25,671	35,823
NET POSITION		
Net investment in capital assets	3,547,809	3,784,653
Unrestricted	26,159	14,178
Total net position	$ 3,573,968	$ 3,798,831

The notes to the financial statements are an integral part of this statement.

Shawnee Civic and Cultural Development Authority of the City of Shawnee, County of Pottawatomie, State of Oklahoma

Statement of Revenues, Expenses, and Changes in Net Position
December 31, 2021 and 2020

REVENUE	**2021**	**2020**
Events	$ 659,961	$ 19,989
Total operating revenue	659,961	19,989
OPERATING EXPENSES		
Accounting	6,500	9,069
Bank charges	1,116	-
Contribution expense	2,672	-
Office expense	2,123	1,141
Rodeo expense	637,603	79
Depreciation	246,996	248,682
Total operating expenses	897,010	258,971
Operating loss	(237,049)	(238,982)
NON-OPERATING REVENUE (EXPENSE)		
Contributions	12,709	19,216
Interest income	111	101
Interest expense	(634)	(1,233)
Total non-operating revenue	12,186	18,084
Decrease in net position	(224,863)	(220,898)
Net position - beginning of year	3,798,831	4,019,729
Net position - end of year	$ 3,573,968	$ 3,798,831

The notes to the financial statements are an integral part of this statement.

Shawnee Civic and Cultural Development Authority of the City of Shawnee, County of Pottawatomie, State of Oklahoma

Statement of Cash Flows
December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 659,961	$ 9,607
Cash payments to suppliers for goods and contractors and other services	(650,014)	(10,559)
Net cash provided (used) by operating activities	9,947	(952)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributions from City of Shawnee	12,709	13,446
Principal paid on debt	(10,153)	(11,213)
Interest paid on debt	(634)	(1,233)
Net cash provided in capital and related financing activities	1,922	1,000
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	111	101
Net cash provided by investing activities	111	101
Net increase in cash	11,981	149
Cash and cash equivalents at beginning of year	27,569	27,420
Cash and cash equivalents at end of year	$ 39,550	$ 27,569

	2021	2020
Reconciliation of operating income to net cash provided by operating activities		
Operating loss	$ (237,049)	$ (238,982)
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	246,996	248,682
Changes in assets and liabilities		
(Increase) decrease in accounts receivable	-	465
Increase (decrease) in accounts payable	-	(270)
Increase (decrease) in customer deposits	-	(10,847)
Total adjustments	246,996	238,030
Net cash provided (used) by operating activities	$ 9,947	$ (952)

1. SUMMARY OF SIGNIFICANT ACCOUTING POLICIES

The Shawnee Civic and Cultural Development Authority of the City of Shawnee, County of Pottawatomie, State of Oklahoma (the "Authority"), was created January 5, 1976 under the provisions of Title 60, O.S. 2001, Sections 176-180.4 inclusive, to acquire by lease and to operate, regulate, and administer all physical properties, real or personal which shall be of public use or of civic and/or cultural benefit or incident to carrying out an authority or proper function of the City of Shawnee. The Authority is exempt from federal and state income taxes.

The Authority, by virtue of common control and dependence, is a component unit of the City of Shawnee, Oklahoma. The governing body consists of seven members; the City Manager of the City of Shawnee, two residents of Pottawatomie County appointed by the Commissioners of Pottawatomie County, and four citizens representing the general public appointed by the Mayor of Shawnee and approved by the Authority's Trustees. The financial activities of the City of Shawnee and its other component units are not included in the financial statements of the Authority.

The Governmental Accounting Standards Board (GASB) is responsible for establishing Generally Accepted Accounting Principles (GAAP) for state and local governments through its pronouncements (Statements and Interpretations).

The presentation of comparative financial statements enhances the usefulness of such reports and brings out more clearly the nature and trends of current changes affecting the entity. Such presentation emphasizes the fact that statements for a series of periods are far more significant than those for a single period and that the accounts for one period are but an installment of what is essentially a continuous history.

The more significant of the Authority's accounting policies are described below.

A. Reporting Entity

The Authority is an independent, self-contained reporting entity with no associated component units. It is operated in a manner similar to a private business enterprise where the cost (expenses, including depreciation) of promoting civic and cultural development in Shawnee is funded by facility rentals, events, and contributions from the City of Shawnee.

B. Measurement Focus, Basis of Accounting and Basis of Presentation – Fund Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with GAAP promulgated in the United States of America. The accounting and financial reporting treatment is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation are included on the balance sheet. The operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. Depreciation expense is provided for capital assets based upon estimated useful lives.

1. SUMMARY OF SIGNIFICANT ACCOUTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Equity

1. Deposits and Investments

Oklahoma Statutes authorize the Authority to invest in certificates of deposit, repurchase agreements, passbooks, bankers' acceptances, and other available bank investments provided that all deposits are fully covered by approved securities pledged to secure those funds. In addition, the Authority can invest in direct debt securities of the United States unless such an investment is expressly prohibited by law.

Bank deposits are held at four financial institutions and are carried at cost. For purposes of statements of cash flows, the Authority considers cash and all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

2. Fair Value of Financial Instruments

The Authority's financial instruments include cash and cash equivalents, accounts receivable, and accounts payable. The Authority's estimate of the fair value of all financial instruments does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial condition. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

3. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

4. Capital Assets

Additions to the buildings and equipment are recorded at cost or, if contributed property, at their estimated acquisition value at time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. It is the Authority's policy to capitalize property and equipment over $1,000. Lesser amounts are expensed.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	40 years
Equipment	5-20 years
Office furniture and equipment	5-10 years

1. SUMMARY OF SIGNIFICANT ACCOUTING POLICIES (CONTINUED)

5. Net Position

In the basic financial statements, net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, granters, laws, or other governments.

6. Revenue and Expenses

Revenue is recognized when all applicable eligibility requirements, including time requirements are met. Resources received by the Authority before the eligibility requirements are met are reported as unearned revenue.

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority principal ongoing operations. The principal operating revenues of the Authority are events. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

7. Resource Use Policy

It is in the Authority's policy for all funds that when an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources, including net positions, are available, the Authority considers restricted amounts to be spent first before any unrestricted amounts are used.

2. DEPOSITS AND INVESTMENTS

Custodial Credit Risk

At December 31, 2021, the Authority held deposits of approximately $39,550 at financial institutions. The Authority's cash deposits, including interest-bearing certificates of deposit, are entirely covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government insured or collateralized with securities held by the Authority or by its agent in the Authority's name.

Investment Interest Rate Risk

The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

2. DEPOSITS AND INVESTMENTS (CONTINUED)

Investment Credit Risk

The Authority has no policy that limits its investment choices other than the limitation of state law as follows:

- **a.** Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- **b.** Certificates of deposits or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- **c.** With certain limitations, negotiable certificates of deposit, prime bankers' acceptances, prime commercial paper and repurchase agreements with certain limitations.
- **d.** County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality, or school district.
- **e.** Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- **f.** Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a.-d.).

Concentration of Investment Credit Risk

The Authority places no limit on the amount it may invest in any one issuer. The Authority has the following credit risk: 100% in Checking Accounts ($39,550).

3. CAPITAL ASSETS

The following is a summary of changes in property, plant, and equipment.

	Balance December 31, 2020	Additions	Deletions	Balance December 31, 2021
Buildings	$ 11,152,878	$ -	$ -	$ 11,152,878
Equipment	989,405	-	-	989,405
Total	12,142,283	-	-	12,142,283
Less accumulated depreciation	(8,335,198)	(246,996)	-	(8,582,194)
Net	$ 3,807,085	$ (246,996)	$ -	$ 3,560,089

3. CAPITAL ASSETS (CONTINUED)

	Balance December 31, 2019	Additions	Deletions	Balance December 31, 2020
Buildings	$ 11,152,878	$ -	$ -	$ 11,152,878
Equipment	989,405	-	-	989,405
Total	12,142,283	-	-	12,142,283
Less accumulated depreciation	(8,086,516)	(248,682)	-	(8,335,198)
Net	$ 4,055,767	$ (248,682)	$ -	$ 3,807,085

Depreciation expense for the twelve months ended December 31, 2021 and 2020 totaled $246,996 and $248,682, respectively.

4. NOTES PAYABLE

Note payable - John Deere	$ 12,280
Total	12,280
Less current maturities	(12,280)
	$ -

Note payable to John Deere Financial due November 2022; payable monthly at $1,037 including principal and interest payable at 4.3%. The note is secured by the equipment purchased.

5. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority continues to carry commercial insurance for these risks, including general liability, property damage, and public officials' liability.

6. DEFINED BENEFIT PLAN – OKLAHOMA MUNICIPAL RETIREMENT FUND

The employees of the Authority are considered employees of the City of Shawnee and are reported as such. The City of Shawnee contributes to the OMRF for all eligible employees of the Authority. The plan is an agent multiple employer- defined benefit plan administered by OMRF. The OMRF plan issues a separate financial report and can be obtained from OMRF website: www.okmrf.org/reports.html. Benefits are established or amended by the City Council in accordance with O.S. Title 11, Section 48-101-102.

The City Council has the authority to set and amend contribution rates by ordinance for the OMRF defined benefit plan in accordance with O.S. Title 11, Section 48-102. The contribution rates for the current fiscal year have been made in accordance with an actuarially determined rate. Employees cannot contribute to the plan in accordance with the plan provisions adopted by the City Council.

6. DEFINED BENEFIT PLAN – OKLAHOMA MUNICIPAL RETIREMENT FUND (CONTINUED)

Since the Authority's employees are included within the City of Shawnee, no provision for pension liability is reported within the financial statements of the Authority.

7. SUBSEQUENT EVENTS

Management has evaluated subsequent events and transactions through the date of the audit report, which is the date the financial statements are available to be issued. No items of significance that required disclosure identified.

Arledge
certified public accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees of the Shawnee Civic and Cultural Development Authority
of the City of Shawnee, County of Pottawatomie, State of Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements as listed in the table of contents of the Shawnee Civic and Cultural Development Authority of the City of Shawnee, County of Pottawatomie, State of Oklahoma (the "Authority"), a component unit of the City of Shawnee, Oklahoma, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 10, 2023, which contained an *Emphasis of Matter* paragraph regarding the financial position of the City of Shawnee, Oklahoma and an *Other Matter* paragraph regarding other auditors in the previous year and a paragraph regarding the omission of required supplementary information.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in a separate report, that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Arledge & Associates, P.C

Edmond, Oklahoma

March 10, 2023

March 10, 2023

To the Board of Trustees
Shawnee Civic and Cultural Development Authority
of the City of Shawnee, County of Pottawatomie, State of Oklahoma

We have audited the financial statements of the business-type activities of the Shawnee Civic and Cultural Development Authority of the City of Shawnee, County of Pottawatomie, State of Oklahoma (the "Authority") for the year ended December 31, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 18, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year ended December 31, 2021.

We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. No estimates of significance were determined.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. No financial statement disclosures were determined to be particularly sensitive to users of the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No uncorrected misstatements were noted during our audit. The schedule of corrected misstatements are attached.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 10, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Authority’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. The Authority has employed Finley and Cook, PLLC. as consultants for the Authority. To our knowledge there were no consultations with Finley and Cook, PLLC or other accountants which could affect our opinions on the Authority’s financial statements.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention. There were no findings identified during the audit and is communicated in the Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Please see the identified significant deficiencies noted during the audit communicated to the Board of Trustees of the Authority.

<u>Restriction on Use</u>

This information is intended solely for the information and use of members of the Authority Council and management of the Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Arledge & Associates, P.C

Arledge & Associates, P.C.

Arledge
certified public accountants

To the Board of Trustees of the Shawnee Civic and Cultural Development Authority
of the City of Shawnee, County of Pottawatomie, State of Oklahoma

In planning and performing our audit of the statement of net position, statement of revenues, expenses, and changes in net position, and statement of cash flows of the Shawnee Civic and Cultural Development Authority of the City of Shawnee, County of Pottawatomie, State of Oklahoma (the "Authority"), which is a component unit of the City of Shawnee, Oklahoma, as of and for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in internal control to be significant deficiencies:

- ***Cash Disbursements: Sequential, Numerical Check Control*** – While conducting cash and accounts payable testing, we noted there were three missing numbered checks which resulted in a gap between the last check written in fiscal year 2021 and the first check written in fiscal year 2022 as checks numbers were out sequence because of the gaps. Gaps in the sequence of the check register result in a certain loss of control over the cash disbursement process and the possibility that a check disbursement might not be properly recorded and or accounted for. All checks should be retained and accounted for in numerical sequence. Cash disbursements control procedures should be designed to be practicable and to provide reasonable assurance that no unauthorized payments are made, and payments are accurately recorded. These controls include accounting for the sequential ordering of checks as they are released for use, prior to preparation. We recommend that strict numerical control be kept over all checks issued and that checks be issued in sequence as much as possible.

- ***Fixed Asset Schedules*** – During the audit, we noted fixed asset schedules were not being appropriately maintained with respect to activity during the year. Additions, disposals, depreciation, and accumulated depreciation were not tracked accurately to present a final fiscal year 2021 balance. We recommend that the Authority establish controls surrounding the tracking of fixed asset schedules and subsequent review of any changes made throughout the year. Additionally, we recommend implementing and enforcing written policies documenting expectations and procedures that outline the process of accounting for fixed asset activity during the year.

- ***Note Payable Schedules*** – During the audit, we noted note payable schedules were not being appropriately maintained with respect to activity during the year. Payments on the note were not timely or tracked accurately to present a final fiscal year 2021 balance. We recommend that the Authority establish controls surrounding the tracking of the note payable schedules and subsequent review of any changes made throughout the year. Additionally, we recommend implementing and enforcing written policies documenting expectations and procedures that outline the process of accounting for note payable activity during the year.

This communication is intended solely for the information and use of management, and others within the Authority and is not intended to be and should not be used by anyone other than these specified parties.

Arledge & Associates, P.C

Edmond, Oklahoma

March 10, 2023

FY 2022 Engagement Letter

April 17, 2023

To the Financial Oversight Committee of the
Shawnee Civic and Cultural Development Authority
P.O. Box 1466
Shawnee, OK 74802-1466

We are pleased to confirm our understanding of the services we are to provide The Shawnee Civic and Cultural Development Authority, Shawnee, Oklahoma ("the Authority"), a component unit of the City of Shawnee ("the City"), Oklahoma, for the year ended December 31, 2022.

Audit Scope and Objectives

We will audit the financial statements of net position, statement of activities, statement of cash flows, and the disclosures, which collectively comprise the basic financial statements of the Authority as of and for the year ended December 31, 2022. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Authority's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Authority's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS), if presented. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures but will not be audited. If management elects not to present the RSI our report will include a paragraph describing its omission.

1) Management's Discussion and Analysis

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

The objectives also include reporting on internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards.*

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, and will include tests of your accounting records of the Authority and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards,* we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards.* In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We may also request written representations from your attorneys as part of the engagement.

Our audit of financial statements does not relieve you of your responsibilities.

Audit Procedures-Internal Control

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards.* The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards.*

Audit Procedures-Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Authority's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards.*

Other Services

We will also assist in preparing the financial statements and related notes of the Authority in conformity with accounting principles generally accepted in the United States of America based on information provided by you. These non-audit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards.* We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other non-audit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the non-audit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with accounting principles generally accepted in the United States of America, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by GAAS and *Government Auditing Standards.*

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, or contracts or grant agreements that we report.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the City; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Arledge & Associates, P.C. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to oversight agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for the purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Arledge & Associates, P.C. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the regulatory body. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Kency Duarte, CPA, is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for services will be $18,000. This fee assumes that the client will be ready with our request list prior to July 31st, 2023. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Because our Engagement Letter provides ongoing access to the accounting and business advice you need on a fixed-price basis, you are not inhibited from seeking timely advice from us. While the fixed price for the services entitles you to unlimited consultation with us, if your questions or issues require additional research and analysis beyond consultation, that work will be subject to an additional price negotiation before the service to be performed, an Addendum to the Engagement Letter will be issued before delivery of the additional services will be performed, with payment terms agreed to in advance. By virtue of signing this document, you have indicated that your reporting entity has been appropriately defined, all trial balances will be reasonably adjusted, your key accounts will be reconciled, unusual transactions, significant financial estimates and disclosures have been communicated to us prior to the date at the top of this letter.

To the extent that you utilize outside consultants to supplement your accounting and finance department and produce various schedules and reports, please note that by virtue of signing this document you have indicated that their work will be timely and reliable. Should we find that their work is other than timely and/or reliable, we will negotiate an Addendum to the Engagement Letter and determine a new engagement fee and payment arrangement before we issue our final report.

Reporting

We will issue a written report upon completion of our audit of the Authority's financial statements. Our report will be addressed to the Board of Trustees of the Authority. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards.* The report on internal control and on compliance and other matters will state (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The report will also state that the report is not suitable for any other purpose. If during our audit we become aware that the Authority is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Cost of Consequential Damages

Any liability of Arledge & Associates, P.C. and its personnel to the Authority is limited to the amount of the annual fee the Authority paid for this audit engagement as liquidated damages.

The Authority agrees that any dispute regarding this engagement will, prior to resorting to litigation, be submitted to mediation upon request by either party. Both parties agree to try in good faith to settle the dispute in mediation. The American Arbitration Association will administer any such mediation in accordance with its Commercial Mediation Rules. The results of the mediation proceeding shall be binding only if both Arledge & Associates, P.C. and the Authority agrees to be bound. Arledge & Associates, P.C. and the Authority will share any cost of mediation equally.

We appreciate the opportunity to be of service to the Authority and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the attached copy and return it to us.

Very truly yours,

Arledge & Associates, P.C

Arledge & Associates, P.C.

RESPONSE:

This letter correctly sets forth the understanding of the Shawnee Civic and Cultural Development Authority.

Signature: ____

Title: ____

City Manager Department
16 W. 9th St.
Shawnee, OK 74801
ShawneeOK.org

Date: June 15, 2023

To: Shawnee Civic and Cultural Development Authority

From: Andrea Weckmueller-Behringer, City Manager

Subject: Consideration of an Amendment to a Grant Agreement between the City of Shawnee, the Shawnee Civic & Cultural Development Authority, and the Avedis Foundation.

Background: On February 6, 2017, the City of Shawnee and the Shawnee Civic & Cultural Development Authority entered into a tri-party grant agreement with the Avedis Foundation. The grant agreement provided funding from the Avedis Foundation to greatly enhance the Heart of Oklahoma Expo - Conference Center. In exchange, the agreement offered the Avedis Foundation free use of the Expo facility for a period of ten (10) years with up to four (4) events every year.

In light of the COVID-19 related closure of this indoor Expo facility, the Avedis Foundation has expressed an interest in extending the utilization period by two (2) additional years.

It is important to note that the execution of the amendment also requires the approval by the City of Shawnee Board of Commissioners.

Financial Impact: No additional impact

Attachments: Avedis-COS-SCCDA_Expo Agreement_Amendment

Staff Recommendation: Approval of the item

Avedis Foundation
Grant Agreement Amendment

Due to the COVID-19 global pandemic in 2020 and 2021, the Avedis Foundation was unable to hold events at the EXPO Center. To account for these two years, the Avedis Foundation is requesting to amend the conditions of the Grant Agreement as signed on February 6, 2017, by extending the ability to select its food caterer and free use of the facility by two (2) years. ("Grantee"), By signing below, on behalf of the **City of Shawnee and Shawnee Civic and Cultural Development Authority**, the authorized agents and legal representatives of Grantee, do hereby agree to the revisions of Section (5) c & d of the terms and conditions. Please see revisions below:

(5) Additional requirements:

c. In consideration of the grant award, the Shawnee Civic and Cultural Development Authority ("EXPO Board") does hereby agree that for a period of ~~ten (10)~~ twelve (12) years, it will allow the Avedis Foundation to select its food caterer for up to four (4) events of its choosing per year, without paying a fee to the exclusive tenant/caterer under contract by the Expo. It is understood that in general, the Avedis Foundation shall make a reasonable attempt to utilize the caterer contracted by the EXPO and that if reasonable accommodations cannot be made in the view of Avedis, an outside caterer may be utilized.

d. In consideration of the grant award, the EXPO Board does hereby agree that for a period of ~~ten (10)~~ twelve (12) years it will provide free use of the EXPO facility (standard space rental fee) for up to four (4) Avedis-sponsored events per year, provided that direct staff, material and food costs shall be paid by Avedis.

Organization's Name: City of Shawnee

Signature: ______________________

Name (printed): ______________________

Title: ______________________

Date: ______________________

Organization's Name: Shawnee Civic and Cultural Development Authority

Signature: ______________________

Name (printed): ______________________

Title: ______________________

Date: ______________________

The foregoing instrument was acknowledged before me, this __________ day of ____________, 2023 .

by ______________________. My commission expires: ______________________.

Signature of Notary: ______________________

City of Shawnee
OKLAHOMA

AVEDIS FOUNDATION EXPO PROPOSAL

SUMMARY

The City of Shawnee and Pottawatomie County desire to partner with the Avedis Foundation to dramatically improve the EXPO Conference Center to allow for the hosting of major community events in a dynamic and professional setting. The City already contributes in excess of $550,000 annually for EXPO operations and recently spent approximately $2.0 million on parking and RV Park upgrades. We are also exploring an increase in the hotel/motel tax, which could result in an additional $200,000 annual allocation to the EXPO (subject to voter and City Commission approval).

PROPOSED IMPROVEMENTS

Proposed improvements to the first floor of the EXPO Conference Center are as follows:

IMPROVEMENT	ESTIMATE
Complete carpet and tile replacement	$150,000
Replace sound and audiovisual system	$50,000
Décor and interior signage	$40,000
Paint (and removal of wall carpet panels)	$45,000
Furniture and replacement of chairs	$75,000
New portable stage, dance floor, related lighting	$65,000
HVAC replacement	$175,000
LED lighting upgrades and ceiling tile replacement	$150,000
Kitchen upgrades	$50,000
Contingency – 10%	$80,000
TOTAL	**$880,000**

FUNDING PROPOSAL

The City desires funding from the Avedis Foundation in the amount of one-half of the proposed improvements, or up to $440,000 depending on final project costs. In exchange, the City (subject to EXPO Board approval) would provide naming rights to the Avedis Foundation if so desired and provide free facility rental to the Avedis Foundation and other community partners of the Foundation's choosing as so stipulated in the grant award and signed contract. The City will also partner with Pottawatomie County as the EXPO Trust is comprised of City and County representatives and the facility serves the regional population and is the site of the County Fair. Pottawatomie County has agreed to provide $220,000 in matching funding.

AVEDIS FOUNDATION
GRANT AGREEMENT

("Grantee"), By signing below, on behalf of the **City of Shawnee and Shawnee Civic and Cultural Development Authority,** the authorized agents and legal representatives of Grantee, do hereby accept the grant from Avedis Foundation in the amount of **$440,000.00** for the **Expo Conference Center Remodel** and agree to comply with the following terms and conditions:

(1) The grant will be used by Grantee solely for the purpose of the approved grant request. Any request for substantive changes in the use of the grant monies must be submitted to Avedis Foundation and approved in writing prior to any such use.

(2) Any monies not used for the stated purposes of the grant will be returned promptly to Avedis Foundation.

(3) The funds will be used within one (1) year as approved by the Avedis Foundation. Any portion of the grant unexpended by this date shall be returned to the Avedis Foundation, unless otherwise agreed upon by both parties.

(4) Spending and progress reports will be required on the funded projects. The Grantee hereby agrees to respond promptly to requests from Avedis Foundation for reports detailing the use of the granted funds. Further, Avedis Foundation representatives shall have reasonable access during business hours to files, records, accounts and personnel that are associated with this grant, for the purpose of conducting financial reviews, verifications or program evaluations as may be deemed necessary by Avedis Foundation.

(5) Additional requirements:
a. Grantee will obtain a minimum of 2 bids on each project.
b. Grantee will obtain prior approval from Avedis Foundation for any proposed publicity concerning the grant.
c. In consideration of the grant award, the Shawnee Civic and Cultural Development Authority ("EXPO Board") does hereby agree that for a period of ten (10) years, it will allow the Avedis Foundation to select its food caterer for up to four (4) events of its choosing per year, without paying a fee to the exclusive tenant/caterer under contract by the EXPO. It is understood that in general, the Avedis Foundation shall make a reasonable attempt to utilize the caterer contracted by the EXPO and that if reasonable accommodations cannot be made in the view of Avedis, an outside caterer may be utilized.
d. In consideration of the grant award, the EXPO Board does hereby agree that for a period of ten (10) years it will provide free use of the EXPO facility (standard space rental fee) for up to four (4) Avedis-sponsored events per year, provided that direct staff, material and food costs shall be paid for by Avedis.
e. In consideration of the grant award, the City of Shawnee and the EXPO Board hereby agrees to provide naming rights to the Avedis Foundation as

specifically set forth herein. It is understood that the entire conference facility on the first floor of the EXPO will be named the "Avedis Event Center." It is further understood that the City will cause appropriate and prominent interior signage to be installed noting the official name and honoring Avedis for their contribution.

I further certify that our 501(c)(3) status with the Internal Revenue Service, as reflected in our grant application, remains in full force and effect and that we are not a private foundation within the meaning of section 509(a) of the Internal Revenue Code. Grantee shall immediately give written notice to the Avedis Foundation if, prior to receipt of all or any portion of the grant, said organization ceases to be exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code or becomes a private foundation under Section 509(a) of the Code.

I understand that any grant dollars received can affect the IRS public support test as calculated on Schedule A, Part IV-A of Form 990, and that failure of the public support test may cause a publically supported charity to be reclassified as a Private Foundation by the IRS.

Avedis Foundation reserves the right to discontinue, modify or withhold any payments to be made under this grant award or to require a total or partial refund of any grant funds, if it, in Avedis Foundation's sole discretion, such action is necessary: (1) because Grantee has not fully complied with the terms and conditions of this grant; (2) to protect the purpose and objectives of the grant or any other charitable activities of Avedis Foundation; or (3) to comply with any law or regulation applicable to the Grantee, to Avedis Foundation, or the grant.

Organization's Name: **City of Shawnee**

Signature:
Name (printed) JUSTIN ERICKSON
Title: City MANAGER
Date: 2/6/17

Phyllis Loftis
City Clerk

THE CITY OF SHAWNEE
SEAL
OKLAHOMA

Shawnee Civic and Cultural Development Authority

Signature:
Name (printed) Randy Gilbert
Title: Chairman
Date: 2/6/17

The foregoing instrument was acknowledged before me, this 6th day of February, 2017, by Randy Gilbert. My commission expires: 09/01/19.

Signature of Notary: Kerrie M. Quary

KERRIE M. QUARY
NOTARY
11008025
EXP. 09/01/19
PUBLIC
STATE OF OKLAHOMA

2499170.2